

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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| WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, |) | DOCKET UE-120807 |
| |) | |
| Complainant, |) | |
| v. |) | FULL SETTLEMENT RE: |
| |) | CESSATION OF CONSERVATION |
| PUGET SOUND ENERGY, INC., |) | PROGRAMS AND CHARGES FOR |
| |) | CUSTOMERS IN JEFFERSON |
| Respondent. |) | COUNTY |
| |) | |
| |) | |

A. INTRODUCTION

1 This Full Settlement ("Settlement Agreement") is entered into pursuant to WAC 480-07-730(1) to compromise and settle all issues concerning PSE's proposed conservation tariff revisions to cease conservation programs and charges to customers in Jefferson County, as set forth in the Fifteenth Revision of Sheet 83 – Electricity Conservation Service and the Twenty-First Revision of Sheet No. 120 – Electricity Conservation Service Rider, filed by PSE with the Commission on June 1, 2012.

B. SETTLING PARTIES

2 This Settlement Agreement is entered into by Puget Sound Energy, Inc. ("PSE") and The Staff of the Washington Utilities and Transportation Commission ("Commission Staff"). Although no other party has intervened in this case, PSE has circulated the Settlement

Agreement to members of its Conservation Resource Advisory Committee ("CRAG") and Full Settlement Re: Cessation of Conservation Programs And Charges For Customers in Jefferson County

certain of the CRAG members have also entered into this Settlement Agreement, as reflected on the signature page below. The parties signing this Settlement Agreement are collectively referred to hereinafter as the “Settling Parties” and each individually as a “Settling Party”.¹

C. BACKGROUND

3 On June 1, 2012, PSE filed with the Washington Utilities and Transportation Commission (“Commission”) certain tariff revisions designed to cease all conservation programs in Jefferson County, and to cease charging customers in Jefferson County for such conservation programs effective July 1, 2012. PSE filed these tariff revisions and requested to cease providing conservation service in Jefferson County in anticipation of the final closing of the acquisition of PSE's Jefferson County service territory by The Public Utility District No. 1 of Jefferson County ("Jefferson County PUD") at which time Jefferson County PUD shall assume full and complete responsibility for providing electric service to customers in Jefferson County (the "Closing Date"). The Closing Date is expected to occur in the second quarter of 2013.

4 At the Commission’s Open Meeting on June 28, 2012, the Commission Staff presented a memorandum and recommendation to the Commission regarding the proposed tariff revisions. In that memorandum, Commission Staff took the position that the proposed acquisition of PSE's Jefferson County service territory by Jefferson County PUD does not require prospective rate or program changes. Commission Staff, therefore, recommended that the Commission issue a complaint and order suspending the proposed tariff revisions. The Commission adopted that recommendation through Order 01, issued June 28, 2012.

¹ PSE shared the final Settlement Agreement with all CRAG members listed on the signature page to this Settlement Agreement, and all either signed the Settlement Agreement or expressed that they do not oppose the settlement, except the Kroger Company, which did not respond.

5 On July 6, 2012, PSE discussed with the individual members of its CRAG the issue
of discontinuing conservation programs and tariff charges for such programs in Jefferson
County. A general agreement was reached among the members, which is reflected in Section
D of this Settlement Agreement.

6 The Settling Parties wish to present their agreement for Commission approval. In the
interest of expediting the orderly disposition of the case, the Settling Parties therefore adopt
this Settlement Agreement which is entered into by the Settling Parties voluntarily to resolve
matters in dispute.

7 The Settling Parties understand that only Section D of this Settlement Agreement is
subject to Commission approval and hereby respectfully request that the Commission issue
an order approving Section D of this Settlement Agreement. The Settling Parties request that
the Commission consider their Settlement Agreement at the next available regular open
meeting of the Commission and that no additional hearing be convened. Given the discrete
nature of the matter at issue, Commission Staff will file an open meeting memorandum
regarding the Settlement Agreement. The Settling Parties are not filing further testimony or
narrative in support of the settlement, unless directed by the Commission.

D. ISSUE AGREEMENT

8 The Settling Parties hereby agree as follows:

9 PSE will continue to offer and charge for approved electricity conservation programs
in Jefferson County subject to the terms of Tariff WN U-60, up to and until the Closing Date.

10 Pursuant to Paragraph 30 of Order 03 in Docket U-101217, PSE remains obligated in
its Jefferson County service territory until the Closing Date, to provide safe, adequate and
efficient service and the facilities necessary to do so, and PSE must continue to charge only

the just, fair, reasonable and sufficient rates contained in the published and effective tariffs on file with the Commission.² As such, the Settling Parties will not claim that PSE's spending in its Jefferson County service territory for rebates and grants for calendar year 2012 and January 1, 2013 up to and until the Closing Date was inappropriate or imprudent based on the continuation of approved electricity conservation programs up to and until the Closing Date. The Settling Parties reserve the right to claim that PSE's spending in its Jefferson County service territory for rebates and grants for calendar year 2012 and January 1, 2013 up to and until the Closing Date was inappropriate or imprudent for any other reason not stated in this paragraph.

11 PSE will discontinue charging the Schedule 120 rates and offering approved electricity conservation programs under Schedule 83 to customers in Jefferson County on the Closing Date.

12 PSE will be allowed to count all the energy savings in Jefferson County for calendar year 2012 and for January 1, 2013 up to and until the Closing Date toward PSE's commission-approved 2012-2013 Electric Biennial Conservation Savings Target.

13 The Settling Parties request that the Commission authorize PSE to withdraw the proposed tariff revisions PSE filed on June 1, 2012, and the Commission suspended on June 28, 2012.

² Docket U-101217 was a petition for a declaratory order filed by PSE regarding the acquisition of PSE's Jefferson County service territory by the Jefferson County PUD. In addition to addressing PSE's obligation to serve in Jefferson County until the Closing Date, the Commission also found that the transfer did not require Commission approval under RCW 80.12 and that the purchase price was sufficient to compensate PSE for its Jefferson County assets.

E. MISCELLANEOUS PROVISIONS

14 The Settling Parties agree to support the terms and conditions of this Settlement Agreement.

15 This Settlement Agreement represents an integrated resolution, and the Settling Parties recommend that the Commission adopt and approve Section D of this Settlement Agreement in its entirety.

16 The Settling Parties shall cooperate in submitting this Settlement Agreement promptly to the Commission for approval of Section D, and shall cooperate in providing any further supporting documentation that the Commission requires. The Settling Parties agree to support the Settlement Agreement, and to recommend that the Commission issue an order adopting Section D of this Settlement Agreement in its entirety.

17 In the event the Commission rejects Section D of the Settlement Agreement, the provisions of WAC 480-07-750(2)(a) shall apply. In the event the Commission accepts Section D of the Settlement Agreement, subject to conditions not proposed herein, each Party reserves the right, upon written notice to the Commission and all other Settling Parties to this proceeding within ten days of the Commission order, to state its rejection of the conditions. In such event, the Settling Parties immediately will request that hearings be held on the appropriateness of the conditions or upon PSE's tariff revisions as filed. In any further proceedings triggered by this paragraph, the Settling Parties agree to cooperate in development of a hearing schedule that concludes such proceeding at the earliest possible date.

18 The Settling Parties enter into this Settlement Agreement to avoid further expense, uncertainty, and delay. By executing this Settlement Agreement, no Party shall be deemed to

have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Settlement Agreement, and except to the extent expressly set forth in this Settlement Agreement, no Party shall be deemed to have agreed that this Settlement Agreement is appropriate for resolving any issues in any other proceeding, other than issues relating to Jefferson County conservation as set forth in Section D.

19 This Settlement Agreement may be executed in counterparts, through original and/or facsimile signature, and each signed counterpart shall constitute an original document.

20 All Settling Parties agree:

- i. To provide all other Settling Parties the right to review in advance of publication any and all announcements or news releases that any other Settling Party intends to make about the Settlement Agreement. This right of advance review includes a reasonable opportunity for a Settling Party to request changes to the text of such announcements. However, no Settling Party is required to make any change requested by another Settling Party; and
- ii. To include in any news release or announcement a statement that Commission Staff's recommendation to approve the settlement is not binding on the Commission itself. This subsection does not apply to any news release or announcement that otherwise makes no reference to Commission Staff.

DATED this 17th day of September, 2012.

PUGET SOUND ENERGY, INC.

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

**ROBERT M. MCKENNA
Attorney General**



TOM DE BOER
Director, Federal and State Regulatory
Affairs

ROBERT D. CEDARBAUM
Senior Counsel

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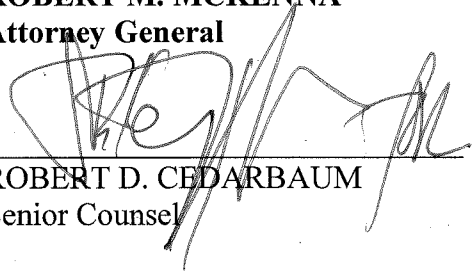
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DATED this ____ day of September, 2012.

PUGET SOUND ENERGY, INC.

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

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